

EXECUTIVE SECRETARIAT**ROUTING SLIP**

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		ACTION	INFO	DATE	INITIAL
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15	D/OLL				
16	C/PAO				
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Remarks

3637 (10-81)

91 Executive Secretary
11/7/83
Date

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R-223A



OFFICE OF THE SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

November 4, 1983

Executive Registry

83-5372

~~UNCLASSIFIED~~~~(with Confidential Attachment)~~

MEMORANDUM FOR OVP

STATE

DEFENSE

AGRICULTURE

COMMERCE

OMB

✓ CIA

USTR

OPD

NSC

CEA

OCA

- MR. PHILIP HUGHES

- MR. CHARLES HILL

- COL. JOHN STANFORD

- MR. RAYMOND LETT

- MRS. HELEN ROBBINS

- MR. ALTON G. KEEL

- MR. DENNIS WHITFIELD

- MR. EUGENT McALLISTER

- MR. ROBERT KIMMITT

- MR. WILLIAM A. NISKANEN

- MR. THOMAS GIBSON

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Subject IG-IEP Paper on Food Assistance for Egypt

Deputy Assistant Secretary Cornell will chair a meeting of the IG-IEP on Thursday, November 10. At the request of the SIG-IEP, USTR in conjunction with other agencies, drafted the attached paper examining ways of providing food assistance to Egypt. Our objective will be to weigh the options contained in the paper and to select the most feasible options for SIG-IEP review.

The meeting will be held at 2:00 p.m., in Room 4426, Main Treasury Building. Attendance will be principal, plus one.

for *Quillie Pickford*
David E. Pickford
Executive Secretary

Attachment

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ASSISTED FOOD SHIPMENTS TO EGYPT

Introduction

The SIG asked that a task force at the staff level look into the possibility of providing economic assistance to Egypt through additional food shipments. Among the major products imported by Egypt, which could be provided by the United States, are wheat, wheat flour, dairy products, and poultry. Egyptian imports of wheat flour and dairy products are supplied almost entirely by the European Community (EC). The EC also supplies wheat and poultry to Egypt but shares the Egyptian market for these commodities with the United States and Australia in the case of wheat, and Brazil and the United States in the case of poultry.

This paper will examine some of the possibilities for food assistance explored by the staff. Some have already been reviewed by various interagency committees and some are still under review. Several would involve sizeable expenditures and some would require a change in current policy. They are included with the presumption that if there is sufficient will to take action to aid Egypt, the necessary funding or policy shifts will be made.

The proposals can roughly be divided into two categories: food aid and export subsidies, including credit.

FOOD AID

1. Additional P.L. 480. Either through a Congressionally-authorized increase in the P.L. 480 budget or by reallocation among countries. (The USG is committed to give Egypt \$250 million of wheat and wheat flour under P.L. 480 annually. More than a third of this value will be flour.)

Pros

-- Would enable U.S. to make additional commodities available to Egypt at very low cost to them.

-- Would enable the U.S. to sell more wheat flour to the Egyptian market at the expense of subsidized sales from the EC.

Con

-- A larger authorization for P.L. 480 would be inconsistent with the Administration's efforts to control the deficit. Also, Congress might be reluctant to agree to a larger P.L. 480 budget, interpreting it as giving more to foreign governments when we have problems at home. Pending before Congress is legislation to specifically limit the percentage of Title I/III to any single country. The current allocation for Egypt exceeds the proposed cap. This legislation is characterized as the "anti-Egypt" amendment; its clear intent is to force the current Egypt level down.

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